



February 5, 2009

To Delphi Health and Life Program Participants:

The challenges created by a weakened global economy continue to have a dramatic impact on the automotive industry and on Delphi, with customer volumes at levels not likely to recover in the short term. We have and will continue to support our customers and manage our supply chain through this turbulent time. All of us are working on cost-reduction initiatives that have helped make a difference. However, it is essential that we take significant and immediate actions to further address the current challenges.

After consideration of factors including declining revenue and challenging market forecasts, effective April 1, 2009, Delphi will no longer provide health care and life insurance in retirement to salaried employees and retirees. In these extraordinary economic times, it is necessary for Delphi to discontinue these benefits in order to work towards further modifications to its plan of reorganization that will enable the company to emerge from Chapter 11 reorganization as soon as practicable. Delphi acknowledges these actions will impose a real hardship on former beneficiaries of these programs. However, the company's recognition of this hardship, which allowed Delphi to continue these benefits in a more robust economic environment, regrettfully does not support continuing these programs in the current economic environment.

Current retirees participating in the Delphi Health Care Program for Salaried Employees and the Delphi Life & Disability Benefits Program for Salaried Employees will be affected as noted below. Specifically, effective April 1, 2009:

#### **Health Care Coverages**

- Delphi will no longer provide Corporation contributions towards health care coverages ;
- You may continue health care coverages on a self-pay basis by paying the full cost of any coverages continued (attached is a chart showing the estimated cost of the various coverages);
- Retiree Health Reimbursement Accounts will be discontinued; and
- Delphi will no longer provide the Medicare Special Benefit.

#### **Life Insurance Coverages**

- Retiree Basic Life Insurance coverage currently in effect will be terminated and you will be given the opportunity to convert this coverage to a personal policy without proof of your good health.

- Any Optional Life, Dependent Life and/or Personal Accident Insurance currently in effect will not be cancelled as long as you continue to make the required premium payments which remain the same.
- Retirees affected by the termination of Basic Life Insurance will have a one-time opportunity to increase Optional Life Insurance coverage by one level or elect coverage at the first level. Proof of your good health will be required.

By the end of February, you will be mailed an election kit that will allow you to elect continuation of Health Care coverages. An election must be made no later than March 27, 2009 in order to avoid any break in coverage. The ability to continue Health Care coverages on a self-pay basis is contingent upon you making a timely election (i.e., by March 27, 2009). Elections postmarked after March 27, 2009 will not be accepted. Additionally, if you discontinue coverage for any reason (e.g., non-payment, late payment) Health Care coverages will not be reinstated.

Also, by the end of February, a separate election kit will be mailed with the necessary forms and instructions regarding the special Optional Life Insurance enrollment opportunity. You will have 31 days from the date of that election kit to make an enrollment decision. Elections post marked after this 31-day period will not be processed.

The attached Question & Answer document provides additional information concerning these changes. Specific questions about health care and life insurance should be addressed to the National Benefit Center by calling 1-866-335-7444 or at [www.delphinbc.com](http://www.delphinbc.com).

On February 4, 2009, Delphi filed a motion with the US Bankruptcy court concerning these changes. The impacted benefits are generally referred to as Other Post Employment Benefits (OPEB). You will receive a copy of the motion in the mail at your home address. A copy of the motion can also be found on [www.delphidocket.com](http://www.delphidocket.com). Any responses to the motion will need to be filed with the Bankruptcy Court no later than February 17, 2009.

The state of the global economy, market changes in response to these challenges and our business plan to exit bankruptcy in the U.S. create a very dynamic situation with respect to salaried employee plans and policies. We regret that these changes are necessary, please understand that recommended changes are only implemented after careful consideration of market conditions, affordability and the impact on employees with the intent of maintaining a viable global business now and in the future.

Delphi Corporation



## Estimated 2009 Retiree Self-Pay Rates

Rates shown below are Monthly Rates							
Health Plan Name	Employee Only	Employee and Spouse	Employee and Child(ren)	Family	Spouse Only	Child(ren) Only	Spouse & Child(ren)
Enhanced Medical Plan	\$666.00	\$1,332.00	\$1,198.80	\$1,864.80	\$666.00	\$666.00	\$1,198.80
Point-of-Service Plan	\$636.00	\$1,272.00	\$1,144.80	\$1,780.80	\$636.00	\$636.00	\$1,144.80
Comprehensive Health Savings Plan	\$332.00	\$664.00	\$597.60	\$929.60	\$332.00	\$332.00	\$597.80
Health Net (Southern CA)	\$520.99	\$1,094.08	\$989.88	\$1,458.77	N/A	N/A	N/A
Advantage Health Plan (IN)	\$502.72	\$1,055.77	\$955.17	\$1,407.62	N/A	N/A	N/A
HAP (MI)	\$333.43	\$700.21	\$633.52	\$933.60	N/A	N/A	N/A
Priority Health West (MI)	\$507.89	\$1,066.57	\$965.02	\$1,422.20	N/A	N/A	N/A
Blue Care Network (Southeast Michigan)	\$312.81	\$656.90	\$594.34	\$875.87	N/A	N/A	N/A
Priority Health East (MI)	\$377.92	\$793.67	\$718.07	\$1,058.22	N/A	N/A	N/A
Health Plus of Michigan (MI-Flint)	\$386.05	\$810.70	\$733.49	\$1,080.93	N/A	N/A	N/A
Health Plus of Michigan (MI-SE Mich)	\$304.99	\$640.48	\$579.48	\$853.97	N/A	N/A	N/A
Health Plus of Michigan (MI-Saginaw)	\$399.75	\$839.49	\$759.54	\$1,119.32	N/A	N/A	N/A
Blue Care Network (MI-East/Saginaw)	\$404.59	\$849.64	\$768.73	\$1,132.85	N/A	N/A	N/A
Blue Care Network (Mid-Michigan)	\$404.59	\$849.64	\$768.73	\$1,132.85	N/A	N/A	N/A
Blue Care Network (East/Flint Michigan)	\$368.60	\$774.06	\$700.34	\$1,032.08	N/A	N/A	N/A
Blue Point 2 (NY-Rochester)	\$370.98	\$853.26	\$934.13	\$983.10	N/A	N/A	N/A
United HealthCare (Dayton/Cinci)	\$600.59	\$1,261.24	\$1,141.12	\$1,681.64	N/A	N/A	N/A
Kaiser Permanente (OH)	\$419.44	\$880.82	\$796.94	\$1,174.43	N/A	N/A	N/A
Health Assurance - Warren/Youngstown (OH)	\$550.38	\$1,155.79	\$1,045.72	\$1,541.06	N/A	N/A	N/A
Dental	\$44.00	\$88.00	\$79.20	\$123.20	N/A	N/A	N/A
Vision	\$3.00	\$6.00	\$5.40	\$8.40	N/A	N/A	N/A
Extended Care Coverage	\$11.00	\$22.00	\$19.80	\$30.80	N/A	N/A	N/A

Notes: Rates are evaluated on an annual basis and are subject to change.

Spouse Only, Child(ren) Only, Spouse & Child(ren) are available only to retirees who are Medicare eligible and age 65 or older.

**Health Care and Life Insurance**  
**Questions and Answers**  
**February 2009**

**Health Care**

**Why has Delphi decided at this late stage of its Chapter 11 reorganization to discontinue Corporation-paid health coverage with less than two months notice to employees and retirees?**

Delphi continues to face serious challenges created by a weakened global economy and its effect on the automotive industry. Volumes are at levels we have never experienced as an independent company. U.S. light vehicle sales for 2009 are down roughly 22% from an already slower 2008, and down nearly 40% from volumes experienced at the beginning of this decade. At current forecasts, 2009 U.S. light vehicle sales will reach their lowest level since 1982. This reduced industry activity has a direct impact on Delphi's operations, reducing revenues in our primary automotive supply businesses. In these extraordinary economic times, it is necessary for Delphi to discontinue these benefits in order to work towards further modifications to its plan of reorganization that will enable the company to emerge from Chapter 11 reorganization as soon as practicable.

**What are my options following the cancellation of my health care coverages on April 1, 2009?**

Retirees may:

1. Elect to continue their health care coverages through Delphi by paying the full cost of coverages continued; or
2. Make arrangements for coverage independently of Delphi and pay an independent insurance carrier for the coverages you choose

**What coverages will I be able to continue through Delphi?**

You may continue all the coverages you currently have. This includes Medical (includes hospital, medical, prescription drugs, mental health/substance abuse and hearing), Dental, Vision and Extended Care Coverages (if currently enrolled). You can determine which type of the four coverages you want to elect in any combination. However, once you opt out of any of the options, you cannot elect to go back in at some future date.

**If I want to continue coverages through Delphi, what must I do and when?**

You will be mailed an election kit by the National Benefit Center (NBC) by the end of February that will provide you with the necessary information to make your elections. Your plan options and monthly rates will be included in the kit. Elections to continue coverages must be post marked no later than March 27, 2009. The NBC will not process any kits postmarked after that date and you will lose your ability to self pay for any coverages.

**If I elect to continue coverages through Delphi, how will my health care premiums be paid?**

If you currently authorize deductions for your health care from your pension check, those deductions will continue. If the amount of your pension check is less than your premium, then you must submit a payment through a monthly billing process. The National Benefits Center will mail a monthly premium statement to your address of record. The invoice will be mailed mid-month for the following month's coverages. Payment is due the last day of the month in which you receive your bill.

**I currently have my health care premiums deducted from my pension check and now want to be set up for direct billing. How do I go about doing this?**

Contact the National Benefit Center at 1-866-335-7444, or 1-866-DELPHI4.

**I am a retiree who has currently waived health care coverages. Do I have the option to enroll for self-pay?**

You have a one-time option to elect coverages as self-pay. As noted above, you will receive an election kit by the end of February with the necessary instructions to make an election.

**I am a retiree who is Medicare eligible. Do I have the option to self pay for my Medical coverages?**

No, the ability to continue Medical coverages under the Delphi Health Care Plans after becoming eligible for Medicare in the normal course was discontinued on January 1, 2007. You may however, continue Dental, Vision and Extended Care Coverages (if enrolled).

**I am a retiree on Medicare but have a spouse and/or dependent who still has Delphi health care coverages. Can they continue to be covered?**

Yes, their coverage can continue on a self pay basis as long as the spouse or dependent is not Medicare eligible.

**Will there be any additional health care plans made available that might be more affordable given that retirees now must self pay?**

Currently, the plans available remain the same. There has not been any decision made regarding future years' health care plans.

**I am not currently retired, how do I maintain my health care coverage at the point of retirement?**

The National Benefit Center will mail you an enrollment kit. The plan options and monthly rates will be included in the kit. You can elect at that time to be set up for direct billing or with monthly pension check deductions.

**What happens to my Medicare Special Benefit?**

If eligible, you will receive your last Medicare Special benefit in the March 2009 pension check. Delphi will no longer provide the Medicare Special Benefit after that payment is made.

**What happens to my Retiree Health Reimbursement Account (RHRA)?**

The RHRA will be discontinued as of April 1, 2009. WageWorks will not process or reimburse any claims that were not submitted prior to April 1, 2009. Any claims received after March 31, 2009 will be denied.

**If I choose not to continue coverages through Delphi, what other coverages might be available to me?**

There are various sources for health care coverages in the individual market. You may wish to consult your current insurance agent because many are able to arrange health care and life insurance coverages in addition to automobile and homeowners insurance. In most states the local Blue Cross or Blue Shield plan usually has individual policies available. Organizations of which you are a member (e.g., AARP) sometimes offer health and life coverages to their members. And, finally, many states have information available on their government websites about insurance available in their jurisdiction.

## **Life Insurance**

### **What happens to my life insurance coverage?**

Effective April 1, 2009, your Basic Life Insurance will no longer be provided in retirement. However, contributory coverages (Optional Life, Dependent Life and Personal Accident Insurance) you have in effect at that time will continue as long as you make the required premium payments.

### **What are my options following the cancellation of my Basic Life Insurance?**

Current retirees will have three choices:

1. If you are under age 75, you will be given a one-time opportunity to increase your Optional Life Insurance by one level or to elect Optional Life Insurance at the first level. You will be required to submit proof, satisfactory to the Insurance Company, of your good health. You pay the full cost of this coverage; or
2. You may convert, at your expense, all or part of your Basic Life Insurance to an individual policy without proof of good health. This new coverage will be one of the policies issued by MetLife, except term insurance; or
3. You may choose to do nothing.

### **What are the amounts of Optional Life Insurance available?**

Optional Life Insurance amounts range from one to eight times your annual base salary at the time of your retirement. If the amount elected is not an even multiple of \$100, it will be rounded to the next higher multiple of \$100.

### **How do I find out what, if any, amount of Optional Life Insurance I currently have?**

You should refer to your online Options! 2009 confirmation, located on [www.delphibc.com](http://www.delphibc.com). Also, your current coverage amount will be contained in the enrollment kit being mailed to you by the end of February.

### **How do I elect to enroll or increase in Optional Life Insurance?**

An enrollment kit will be mailed to you by the end of February which will contain all of the necessary forms and instructions you will need to make an election. You will have 31 days from the date of the mailing of the enrollment kit to submit your election and the required Statement of Health form. Elections postmarked after this 31 day period will not be processed, and you will not have another opportunity to enroll in, or increase Optional Life Insurance.

Please note that if you are already enrolled in Optional Life Insurance at eight times your annual base salary, you will not be able to increase your coverage.

### **When will the coverage, or increased coverage, become effective?**

Elected coverage will become effective the first of the month following the date the evidence of your good health is approved by the Insurance Company. If evidence of your good health is not approved, any coverage amount currently in effect will not be impacted.

**How much does Optional Life Insurance cost?**

Contributions for Optional Life Insurance coverage are based on your age on December 31<sup>st</sup> of the Plan year and are for each \$1,000 of coverage. The 2009 monthly rate for ages 55-59 is \$0.354, ages 60-64 is \$0.579, and ages 65-69 is \$1.191. For example, if your age at the end of 2009 will be 57 and you have coverage in the amount of \$80,000, your cost will be \$28.32 per month (\$0.354 x 80). These rates were effective January 1, 2009 and are subject to change.

**Will the amount of the coverage I elect ever change?**

The amount of Optional Life Insurance you elect or increase will be reduced depending on your age. If you are currently under the age of 66, the amount of Optional Life Insurance you elect will reduce by ten percent (10%) on the first day of the month following your 66<sup>th</sup> birthday and each year thereafter on the anniversary of such date.

If you are currently age 66 or older, the amount of Optional Life Insurance you elect will immediately reduce on the effective date of coverage to the amount based on your age as if you retired prior to age 66. Following this reduction, a ten percent (10%) reduction will occur on the first day of the month following your birthday and each year thereafter on your birthday.

If you are currently enrolled in Optional Life Insurance and you elect to increase coverage, reductions will apply to the total amount of coverage in effect.

**How long can I continue Optional Life Insurance?**

Optional Life Insurance can be continued until the end of the month in which you attain age 75, at which time coverage cancels.

**What is conversion and what does it cost?**

When the amount of coverage you were provided is terminated under certain circumstances, you are allowed to convert all or a portion of that coverage to a private policy, paid by you. The cost will depend on the amount and type of policy you convert to and your class of risk and age at the time.

**How do I convert my cancelled Basic Life Insurance?**

There will be information contained in the kit being mailed to you by the end of February which will explain your right to conversion. You will need to contact Metropolitan Life Insurance Company (MetLife) at 1-877-ASK-MET7.

**Will I have the opportunity to purchase Optional Life Insurance when I retire?**

Generally, retirees are not able to increase or enroll for Optional Life coverage after retirement. They may continue the level of coverage they have in effect at the time they retire or they may continue a reduced level of coverage. The options available to current retirees who's Basic Life Insurance will cancel April 1, 2009 represent a one time opportunity for retirees only. However, if you retire before January 1, 2010 and would otherwise be eligible for continuing Basic Life Insurance in retirement, this same one time opportunity will be available to you. Active employees have the opportunity during the annual Options! enrollment period or due to a qualifying life event to elect or increase their Optional Life Insurance coverage.